Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Go to <http://www.irs.gov/app/understandingTaxes/hows/tax_tutorials/mod01/tt_mod01_01.jsp> Click to page 2 and start to answer the questions below.

1) The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_is also called the FICA (Federal Insurance Contributions Act) tax.

2) What does Social Security taxes provide for employees and their dependents?

3) The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is used to provide medical benefits for certain individuals when they reach age 65.

4) Who is eligible to receive Medicare benefits upon reaching age 65?

5) What do federal income taxes finance?

6) What is gross pay?

7) What is net pay?

8) What is the social security rate?

9) If Sally grosses $12,367, how much will be taken out for social security? (SHOW WORK)

10) What is the Medicare tax rate?

11) If Tommy grosses $15,235, how much will be taken out for Medicare? (SHOW WORK)

12) How much (as a percent) is taken out of each paycheck and sent to the government? How does the government get this number?

13) What does the amount of federal income tax withholding depend on?

14) Angela Viviano earns $5,000 a month as a physical therapist's assistant. In addition to payroll taxes and income tax withholding, her employer withholds $115 for her retirement account. **Calculate Angela’s net pay below:**

|  |  |
| --- | --- |
| Gross pay $5,000.00 |  |
| Social Security tax (6.2 percent of gross pay) |  |
| Medicare tax (1.45 percent of gross pay) |  |
| Income tax (per Form W-4) -$235.00 |  |
| Retirement -$75.00 |  |
| Net pay |  |

Go to <http://www.irs.gov/app/understandingTaxes/hows/assessment/as_mod01.jsp> and take the quiz. When you are done have one of your teachers sign below.